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ECONOMIC COMMISSION FOR AFRICA
ORGANIZATION OF AFRICAN UNITY

REPORT OF THE SECOND MEETING OF THE MINISTERIAL FOLLOW-UP COMMITTEE
ON INTERNATIONAL TRADE AND FINANCE FOR AFRICAN DEVELOPMENT

Addis Ababa, 25-26 January 1982

INTRODUCTION

1. Pursuant to the decision of the sixth session of the Conference of African Ministers of Trade held in Addis Ababa, from 17 to 20 March 1980, to set up a Ministerial Follow-up Committee on International Trade and Finance for African Development, the second meeting of the Ministerial Follow-up Committee on International Trade and Finance for African Development was held in Addis Ababa from 25 to 28 January 1982.

PART ONE: ORGANIZATION AND PROCEEDINGS

A. Attendance and organization of work

2. The meeting was attended by representatives of the following countries members of the Committee, namely: Algeria, Congo, Ethiopia, Kenya, Lesotho, Niger, Nigeria, Rwanda, Sierra Leone, Sudan, Tanzania, Tunisia, Zaire and Zambia; and by those from the following observer countries: Burundi, Egypt. The following organizations were represented by observers: UNCTAD, AATPO, ITC.

3. In accordance with the decision taken by the sixth session of the Conference of African Ministers of Trade, it was agreed that the Bureau of the meeting of the Ministerial Follow-up Committee held before the Seventh Session would be composed in the same manner as that of the sixth session of the Conference; namely:

Chairman:	Ethiopia
First Vice-Chairman:	Nigeria
Second Vice-Chairman:	Sudan
Third Vice-Chairman:	Rwanda
Rapporteur:	Zambia

B. Agenda

4. On 25 January 1982 the meeting adopted the following agenda:

- (1) Opening ceremonies
- (2) Election of officers
- (3) Adoption of the agenda and organization of work

(4) Review and appraisal of developments in the field of intra-African trade and finance including:

(a) Trade and economic co-operation

(i) Eastern and Southern African ECA/MULPOC

- Establishment of a Preferential Trade Area (PTA) for Eastern and Southern African States
- Establishment of an Agricultural Commodity Exchange

(ii) Great Lakes Community ECA/MULPOC

Report on the progress achieved in the harmonization of Customs regulations within the subregion

(iii) Central Africa ECA/MULPOC

Report on evaluation and strengthening of economic co-operation in Central Africa

(iv) West Africa ECA/MULPOC

Progress report on the harmonization of trade liberalization programmes of ECOWAS, CEAO and the Mano River Union

iv) North Africa ECA/MULPOC

(b) Trade promotion

(i) Symposium of Presidents and Secretaries General of Chambers of Commerce, and establishment of an African Federation of Chambers of Commerce

(ii) Workshop on trade in meat and meat products

(iii) Prospects in the field of trade information

(c) Financial and monetary co-operation

(i) Eastern and Southern African subregion

- Establishment of clearing and payments arrangements
- Establishment of a subregional development bank

(ii) The Central African Clearing House

(iii) The West African Clearing House

(iv) Co-operation with the African Centre for Monetary Studies and the African Development Bank

(5) Review and appraisal of developments in the field of international trade and finance

(a) Africa and economic co-operation among developing countries

(b) Trade and economic prospects between African countries and the socialist countries of Eastern Europe

(c) Problems and prospects likely to arise for the African region from the implementation of the Common Fund for commodities - progress report

(d) North-South dialogue: Cancun international meeting on co-operation and development

(e) Developments in the international monetary field

(i) 1981 annual meetings of the World Bank and affiliates and the International Monetary Fund

(ii) The impact of external indebtedness on African economic growth

(iii) The implications of the new method of valuation of the special drawing right (SDR) for African countries

- (6) Any other business
- (7) Elaboration of the draft agenda of the third meeting of the Ministerial Follow-up Committee
- (8) Date and venue for the third meeting
- (9) Adoption of the report and closure of the meeting

C. Account of proceedings

Opening statement

5. In his address Comrade Wollie Chekol, Minister of Foreign Trade of Socialist Ethiopia and Chairman of the sixth session of the Conference of African Ministers of Trade, recalled that the Ministerial Follow-up Committee, which was set up by the ~~sixth~~ ^{sixth} Session of the Ministers of Trade, had made at its first meeting, in March 1981 various constructive recommendations including measures to accelerate the African strategy in the field of International Trade and Finance.

6. He stated that the second meeting of the Follow-up Committee was very important in that it had to evaluate the effectiveness of the measures taken to implement the recommendations of the Committee's first meeting. He went on to stress the need to examine in-depth the relevant documents and resolutions prepared by the organizing secretariats and to come up with meaningful proposals and appropriate recommendations to be transmitted to the Seventh Session of African Ministers of Trade. These recommendations should relate inter alia, to the restructuring of international trade and the transformation of African economies in line with the objectives of the new international economic order.

7. He drew attention to the fact that many problems are still impeding Africa's development efforts, especially the measures taken by the developed countries against the products originating from developing countries as well as the burden of debt servicing and the difficulties encountered in the region's balance of payments.

To overcome these serious problems, the Minister suggested that it was of utmost importance to strengthen the existing institutions and to set up new ones which could assist in elaborating and implementing appropriate strategies on a systematic and continuous basis.

8. He proposed that the second meeting of the Follow-up Committee should consider further calling for an extraordinary ministerial session of African Ministers of Trade to draw up a common position in preparation for the forthcoming sixth session of UNCTAD to be held in Gabon in May/June 1983.

9. He also laid emphasis on the need to reinforce economic co-operation among African countries. African countries should be determined more than ever before to mobilize their available resources in order to foster their regional and subregional development. In this respect the treaty establishing a Preferential Trade Area (PTA) in the Eastern and Southern African countries was an encouraging step towards establishing a regional common market in the Continent. This also obtained for the recent initiatives taken in the Central Africa subregion.

10. In so far as money and finance was concerned he stressed the need to revitalize the processes leading to the reform of the international monetary system in such a way as to make it possible for this reform to accommodate and foster international economic co-operation.

11. In his address the Executive Secretary of ECA recalled that the Ministerial Follow-up Committee on International Trade and Finance was mandated by the Sixth Conference of Ministers of Trade to fulfil specific duties including the monitoring of the African strategy in the field of intra-African and international trade and finance as part of the Lagos Plan of Action. He called the attention of the Committee to the three documents prepared by the secretariats to assist them in their deliberations.

12. In his analysis of developments since the last meeting of the Committee, he singled out four major developments as worthy of special mention in the field of intra-African co-operation. These are: the Symposium of Presidents and Secretariats-General of African Chambers of Commerce whose main achievement was the determination to create an African Federation of Chambers of Commerce; the workshop on intra-African

trade in meat and meat products, which for the first time brought together African buyers and sellers of these products to exchange ideas and even conclude business deals; the conclusion of a treaty creating the Preferential Trade Area (PTA) for Eastern and Southern Africa and finally the Summit meeting of the Heads of State and Government of Central Africa held in Gabon which resulted in an agreement to set in motion a process for establishing an Economic Community for Central Africa.

13. As regards trade and financial relations with the outside world, he drew attention to the Cancun (Mexico) Summit meeting. However, in the light of difficulties experienced in launching the global negotiations, it was still hard to predict to what extent the negotiations are likely to be of benefit to member States when they are eventually launched. He finally drew the attention of the meeting to the increasing importance of trade between African countries and Socialist countries of Eastern Europe and to efforts made by ECA and UNCTAD to assist member States in taking maximum advantage therefrom.

14. Mr. Paul O. Etiang, the OAU Assistant Secretary-General responsible for Economic Development and Co-operation, speaking on behalf of the Organization of African Unity (OAU) recalled the mandate given to the Committee two years ago within the context of the Lagos Plan of Action (LPA), to co-ordinate, harmonise and prepare Africa's position on issues relating to international trade and finance as well as to monitor periodically the implementation of multilateral agreements between Africa and the outside world.

15. He reminded the meeting of the recent bleak developments facing the key commodities of African countries on the world market, including declining price trends and restrictive business practices. He, accordingly, urged the Committee to propose policy options and measures for individual and/or collective implementation as solutions to these adverse trends. The Assistant Secretary-General, mindful of the positive impact created on the world commodity market by OPEC, went on to propose the formation of various African producer associations for all important African products and services which should help to diffuse the inimical operations of transnational corporations in the African region.

16. In conclusion, he reviewed the recent efforts at intra-African co-operation and the new integration schemes created on the continent in the effort to implement the Final Act of Lagos and urged the Committee to propose only action-oriented policy measures which would help in the economic decolonisation of Africa.

17. The Representative of UNCTAD, Mr. Adoboli, on behalf of the Secretary-General of UNCTAD expressed his thanks for the invitation to attend this meeting and recalled that over the years UNCTAD had been privileged to be closely associated with the work of ECA and OAU in trade and development matters.

18. He went on to expound on the Common Fund for commodities. He referred in particular to Resolution 93(IV) adopted in 1976 at the Fourth Session of UNCTAD and which called, inter alia, for the establishment of the Common Fund for commodities, to respond to the urgent development needs of developing countries, having due regard to the need for structural changes in the world economic order. African countries had played a major role in the negotiations establishing the Common Fund. These took place over four protracted years. At the insistence of African countries and, thanks to the initiatives and decisions taken at Africa Hall in 1978, the Arusha Workshop on a Common Fund and at the Ministerial Meeting of the Group of 77 held in 1979, the Agreement contains many important provisions which constitute a positive step towards the establishment of a New International Economic Order.

19. He further stated that both the recent OAU Summit in Nairobi in June 1981 and the 36th Session of the General Assembly had adopted resolutions urging respective Member States to take action without delay to bring the Common Fund into operation. Also the need for the urgent entry into force of the Common Fund agreement was recognized at the recent Cancun Summit. In conclusion he emphasized the need to accelerate the process of bringing the Fund into operation.

20. It was subsequently decided to discuss the agenda in the following order:

1. Review and appraisal of developments in the field of International Trade and Finance

- (a) African and economic co-operation among developing countries
 - (b) Trade and economic prospects between African countries and the Socialist Countries of Eastern Europe
 - (c) Problems and prospects likely to arise for the African region from the implementation of the Common Fund for commodities - progress report
 - (d) North-South dialogue: Concur International Meeting on co-operation and development
 - (e) Developments in the international monetary field
 - (i) 1981 annual meetings of the World Bank and affiliates and the International Monetary Fund (IMF)
 - (ii) The impact of external indebtedness on African economic growth
 - (iii) The implications of the new method of valuation of the special drawing right (SDR) for African countries
2. Review and appraisal of developments in the field of intra-African trade and finance including:
- (a) Trade and economic co-operation
 - (i) Eastern and Southern African ECA/MULPOC
 - Establishment of a Preferential Trade Area (PTA) for Eastern and Southern African States
 - Establishment of an Agricultural Commodity Exchange
 - (ii) Great Lakes Community ECA/MULPOC
 - Report on the progress achieved in the harmonization of Customs regulations within the subregion
 - (iii) Central Africa ECA/MULPOC
 - Report on evaluation and strengthening of economic co-operation in Central Africa

(iv) West Africa ECA/MULPOC

Progress report on the harmonization of trade liberalization programmes of ECOWAS, CEAO and the Mano River Union

(v) North Africa ECA/MULPOC

(b) Trade promotion

(i) Symposium of Presidents and Secretaries-General of Chambers of Commerce, and establishment of an African Federation of Chambers of Commerce

(ii) Workshop on trade in meat and meat products

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(c) Financial and monetary co-operation

(i) Eastern and Southern African subregion

- Establishment of clearing and payments arrangements

- Establishment of a subregional development bank

(ii) The Central African Clearing House

(iii) The West African Clearing House

(iv) Co-operation with the African Centre for Monetary Studies and the African Development Bank

3. Any other business

4. Elaboration of the draft agenda of the third meeting of the Ministerial Follow-up Committee

5. Date and venue for the third meeting

6. Adoption of the report and closure of the meeting

D. In Memoriam to Dr. Ayi Foly Kouevi

21. The Head of the Algerian Delegation paid a touching tribute to the late Dr. A.F. Kouevi, Chief of the Trade and Financial Relations with the Developed World Section within the International Trade and Finance Division of ECA, who passed away on 19 January 1982. He pointed out that the deceased was a very distinguished African economist who had made many valuable contributions to the work of ECA and had served Africa well. He had in fact, been directly in charge of the preparations of this meeting of the Ministerial Follow-up Committee. His death represented a great loss not only to the United Nations to which he has devoted so much of his career and life, but also to his many friends from all over the continent and beyond. At the request of the Head of the Algerian delegation the meeting decided to observe a minute of silence.

22. On his part the Executive Secretary of ECA thanked the Head of the Algerian delegation for his thoughtful and humane initiative. To him Mr. Kouevi was more than a colleague. Before anything else he was a friend and an exemplary personality; as well as a man of integrity, humility and dedication. He detailed the many distinguished services the late Mr. Kouevi had rendered the secretariat and the continent. His untimely death had not only left a chill among us, his colleagues, but created a gap in the ranks of the secretariat. He prayed for his soul to rest in peace.

23. Mr. Paul Etiang expressed his profound shock on hearing of the sudden death of Mr. Kouevi. To him he was not only an untiring worker but also a dear and close friend with whom he has shared duties both here in Addis and in many parts of the world where they have serviced meetings. On behalf of the Secretary-General of OAU, he expressed condolences to the Executive Secretary of ECA, the family of the late Mr. Kouevi and to the many friends of the deceased.

PART TWO: REVIEW AND APPRAISAL OF DEVELOPMENTS IN THE FIELD OF INTERNATIONAL
TRADE AND FINANCE

Africa and economic co-operation among developing countries

24. A representative of the organizing secretariats introduced document ST/ECA/WP.1/1/OAU/ECA/GSTP/1/1 entitled "Africa and a Global System of Trade Preferences Among Developing Countries (GSTP)". This document was prepared at the request of the African Group to facilitate its participation in the discussions that were due to take place within the framework of UNCTAD's Committee on ECDC. The meeting endorsed the stand taken by the African Group at that meeting to the effect that there was a need for African countries to adopt a very careful and gradual approach to GSTP, in view of the fact that Africa was the least developed among the developing regions and that African countries should give priority attention to intra-African economic co-operation. The Committee also commended the ECA/OAU Secretariats for the assistance given to the African Group in their discussions on the GSTP within the framework of UNCTAD's Committee on ECDC.

Recommendations

The Committee recommended that :

1. The secretariats of OAU and ECA should continue to assist the African Group in harmonizing their negotiating strategies in respect of ECDC and give them all necessary logistic support;
2. The two Secretariats should conduct a study to identify those products of interest to Africa which would be the subject of GSTP negotiations;
3. The secretariats of ECA, OAU and UNCTAD should endeavour to harmonize their respective calendars of meetings so as to facilitate participation of member States.

Trade and economic prospects between African countries and the Socialist Countries of Eastern Europe

25. The Follow-up Committee took note of recent developments in the field of trade and economic relations between African countries and the Socialist countries of Eastern Europe as outlined in the report of the ECA Secretariat on "Trade and Economic Co-operation between African countries and the Socialist countries of Eastern Europe". The development of such relations was viewed as an important means of assisting African countries in diversifying their overall trade and economic relations with the outside world. The Committee expressed its appreciation to the ECA Secretariat for the various initiatives taken in this field, including the holding of a Seminar-cum-study tour organized in 1981, in co-operation with UNCTAD within the framework of the UNDP-financed project on the development of trade with Socialist countries of Eastern Europe.

Recommendations

The Committee recommended that:

1. Member States should make full use of the comprehensive data and analysis provided in the above mentioned ECA document for the purpose of devising the best ways and means of developing their trade and economic relations with the Socialist countries of Eastern Europe;
2. UNDP should continue to provide financial assistance to the ECA Secretariat to enable it carry out its substantive work programme in this field;
3. The secretariat of ECA with UNDP financial assistance should continue to give its utmost support to African countries in order to take full advantage of the existing trade potentials with the Socialist countries of Eastern Europe. A substantive work programme should be carried out in that context.

Problems and prospects likely to arise for the African region from the implementation of the Common Fund for Commodities

26. In his introduction to the discussion of this item, a representative of the organizing Secretariats recalled the mandate given to them at the last meeting of the Committee to carry out a study on the above. In its efforts to carry out this mandate, ECA contacted UNCTAD Secretariat for a possible collaboration. It was the feeling of that Secretariat that a quantitative study of benefits from the operations of the Fund's two accounts was not possible at this stage due to the absence of knowledge as regards the number of ICA's which might be associated with the Fund, the type of economic provisions such as quotas and price schemes covered by the respective interested ICA's and the nature, type and size of other measures to be financed by the Fund's Second Account. In view of the above the Secretariats submitted only an outline of the proposed study at this stage.

27. The representative of the organizing Secretariats then drew the Committee's attention to an informal note submitted by UNCTAD Secretariat as a contribution to the consideration of this item.

28. In introducing the note, the UNCTAD representatives recalled the circumstances which led to the adoption of resolution 92(IV) six years ago and the active role played by the African countries during the negotiations of the Common Fund within the framework of that resolution. The Agreement, as negotiated in 1980 had taken into account many of the concerns of the African countries, such as the need to give due emphasis to commodities of interest to the least developed countries in the priority use of the Fund's resources, and to the small producers-exporters' interest, the concessional and grant elements in loan operations of the Second Account of the Fund and above all the principles of joint financing of buffer stock operations.

29. As a continent, Africa is the region most dependent on commodity economy and international trade thereof. African interest in the Fund whose basic objectives cover inter-alia the restructuring of international trade in commodities was therefore obvious. All efforts should be made to bring the agreement, which has been open for signature and ratification at the UN Headquarters since October 1980, into force without delay by fulfilling the requisite conditions as laid down in article 57 of the Agreement.

30. He recalled that the resolution endorsed by the recent OAU Summit held in Nairobi in June 1981 and the resolution adopted by the 36th Session of the General Assembly of the United Nations had urged member States of the two organizations to take action without delay to bring the Common Fund into operation. This concern was expressed at Cancun as well.

31. The representative of OAU referred to the need for African countries to take initiative in fulfilling the requisite conditions for the Fund's early entry into force, if possible within the time - frame envisaged in the Agreement. Although possibilities for an extension of the deadline beyond the 31 March 1982 existed in the Agreement, such a recourse would not be in the interest of developing countries, considering the urgent development needs of developing countries, in particular those of African countries. He also urged African countries to take more active part in the preparatory work in progress in Geneva to facilitate technical operations of the Fund, once it comes into force.

32. During the discussions which followed several representatives expressed great concern at the slow pace of action to bring the Fund into operation. The creation of the Fund was an initiative of the developing countries. It was therefore proper and fitting that they should move rapidly with its process of entry into force.

33. During consideration of this item the Committee heard a statement by a representative of the African Group in Geneva (Algeria) on the progress of work in UNCTAD of interest to the African region. The Committee took note of his report with appreciation. It also took note of the informal document submitted by the UNCTAD representative and recommended for approval the draft resolution as annexed.

Recommendation

The Committee recommended that: ECA/OAU secretariats should proceed with the study requested at the first meeting of the Committee for presentation to the next meeting of the Ministerial Follow-up Committee.

North-South dialogue: Cancun International meeting on co-operation and development

34. The Ministerial Follow-up Committee took note of the recommendations made by this meeting as regards commodities, trade, industrialization, monetary and financial issues.

35. The Committee expressed its concern at the lack of concrete results arising from this meeting with respect especially to the launching of the "Global negotiations". And some scepticism was also expressed as regards the possible outcome of these negotiations, if and when they are carried out.

36. Note was taken, however, of the fact that it was still difficult to make a final assessment of the results of this meeting. To do so, it would be necessary to await the outcome of the resumed meeting of the adjourned 36th Session of the United Nations General Assembly.

Recommendation

The Committee recommended that the ECA and OAU Secretariats should assist member States in these negotiations and in assessing the outcome thereof.

(i) 1981 annual meetings of the World Bank and affiliates and the International Monetary Fund

37. The Ministerial Follow-up Committee was informed of the last Annual meetings of the World Bank and the International Monetary Fund.

38. The Committee expressed the view that paragraphs 148 and 159 of document ST/ECA/WP.1/11, should have been drafted in such a way as to remove the possible contradiction arising from the fact that, on the one hand, the OAU, ECA and ADB Secretariats had come out strongly against the Berg report on sub-Saharan Africa and that, on the other hand, African Governors had expressed their appreciation for the report, as indicated in paragraph 148. It was suggested that a better way to convey what had happened would have been for these paragraphs to bring out the basic facts namely that, in a memorandum to

the President of the World Bank, the African Governors had expressed the view that the World Bank Report on Sub-Saharan Africa raised a number of serious questions and that they urged that member countries covered by the Report should carefully study the various consequences thereof. And, further that once this evaluation had been done, the African Governors would resume the dialogue with the President of the World Bank.

39. And in their joint declaration, the African Governors concluded that an in-depth examination of the implications of the study should be undertaken by the countries concerned.

40. Note was also taken of the fact that, while it had been agreed that the Chairman of the African Group would consider the possibility of the African Group holding a meeting in an African capital, Nairobi or Lusaka, to consider again the Berg report and formulate a common position before the next meeting of the Development Committee, as stated in paragraph 159, this meeting of the African Group was now scheduled to be held in Dakar next March. The said meeting would consider, inter alia, the final consolidated views of the OAU, ECA and ADB Secretariats on the Berg report.

41. In the meantime, the Follow-up Ministerial Committee took note of the views expressed by the representatives of the organizing Secretariats, to the effect that the Berg report was in many respects, in direct contradiction with the Lagos Plan of Action, in addition to being divisive, to the extent that it differentiated between North Africa, on the one hand, and sub-Saharan Africa, on the other hand.

(ii) The impact of external indebtedness on African economic growth

42. A representative of the organizing secretariats introduced Document ST/ECA/WP.1/10 on the effects of external indebtedness on the economic growth of African countries. The Committee took note of economic conditions which have led to a rapid increase in external indebtedness since 1975. In African countries the amount disbursed of the external public debt increased from US\$7.6 billion in 1970 to US\$22.7 billion in 1975 and reached the record figure of US\$66.8 billion in 1979 with a growth rate of 27.3 per cent over the entire period from

1970 to 1979 compared to 24.3 per cent for the period 1970 to 1975. This was all the more significant as external capital flows in recent years seem to have had only a slight, if not negative, impact on the growth of most African countries.

43. The Committee expressed concern over the increasingly constraining and restrictive nature of borrowing procedures. It deplored excessively high interest rates, worsened borrowing terms and the instability of exchange rates. As a result, it has become increasingly difficult for member States to service their debts. The meeting also voiced its concern over the marked increase in the share of private capital versus that of official assistance in the aggregate flow of external financial resources made available to Africa. This concern was reinforced by the proclaimed determination of one major donor country henceforth to reduce significantly the share of official development assistance (ODA) in global capital inflow made available to developing countries, especially to African countries, and accordingly lay emphasis on the role of private investments in these countries. The representative of Tunisia, while taking note of the document submitted for consideration by the Committee expressed reservation about the conclusion contained therein.

44. The Committee further regretted that despite UNCTAD resolutions calling on the major creditor countries to cancel and re-schedule the debts of developing countries and provided the latter with increased flows of loans on concessionary terms most of the former countries have failed to comply with these resolutions. The Committee further regretted the tendency of some major lending countries and multilateral financial institutions to make their assistance subject to political considerations. At the same time the Committee expressed appreciation to the few countries which have implemented those resolutions.

45. Finally, the Committee took note with appreciation of the statement made by the Executive Secretary of ECA to the effect that ECA would be willing to answer requests for technical assistance by member States with regard to the rescheduling or cancellation of their debt burden. To facilitate the provision of such assistance, the meeting called upon all member States of ECA and OAU to make available to the two secretariats comprehensive information on their socio-economic development, including data relating to their debt burden.

It was understood that such assistance could be provided by the secretariats of ECA and OAU, with the co-operation of UNCTAD which is already active in this field. The participants noted with disfavour the excessively high interest rates, the terms of loans, which are becoming increasingly unfavourable and the instability of exchange rates.

Recommendations

The Committee recommended that:

1. An appeal be made to the donor/lending countries and multilateral financial institutions to leave aside political considerations in extending financial assistance to African countries;
2. Donor countries as well as multilateral financial institutions be requested to increase, in real terms, the share of ODA compared to that of private loans, in their global capital inflows to African developing countries;
3. The few creditor countries which have responded favourably to UNCTAD resolution 165(S-IX) by cancelling or rescheduling the debts of African countries be warmly commended for doing so and the major creditor countries which have not yet complied with this resolution be urged to implement it as soon as possible;
4. African countries should be invited to rely more on their own domestic savings as a means of financing their investment projects and resort to external loans only to supplement their own resources;
5. African countries should be urged to ensure that their national investment projects are selected and designed in such a way as to provide for maximum utilization of raw materials and other inputs of national, subregional and/or regional origin in preference to those originating from outside the continent;
6. African countries which have surplus financial resources be requested to channel them into existing African financial institutions such as the ADB, bearing in mind the relevant provisions of the Lagos Plan of Action.

(iii) The implications of the new method of valuation of the special drawing right (SDR) for African countries

46. A representative of the two organizing secretariats introduced Document ST/ECA/WP.1/9 on the consequences for African countries of the new method of evaluating the special drawing right (SDR). The attention of the meeting was drawn in particular to the impact which the new methods of calculating the SDR has on African economies at various levels. The meeting agreed that in the absence of a meaningful reform of the international monetary system, African countries should work towards the establishment of an African Monetary Fund, as provided for under the Lagos Plan of Action. In the meantime, however, it was necessary for African countries to seek alternative solutions to the problem of the impact of exchange rates fluctuation on their economies as well as the adverse effects which existing links with major currencies have on these economies.

47. The meeting took note with great satisfaction of the fact that the Algerian Government had made funds available to the ECA for the financing of preparatory activities regarding the establishment of the African Monetary Fund. In this connexion the meeting was informed that a meeting on the establishment of an African Monetary Fund was due to be held later this year.

Recommendations

The Committee recommended that:

1. The OAU and ECA secretariats should expand the scope of the present study and make alternative proposals aimed at assisting African countries to assess the impact of exchange rate fluctuation on their economies and minimize the adverse impact which their links with the major currencies have on these economies;

2. ECA/OAU secretariats should speedily embark upon the studies aimed at the creation of the African Monetary Fund.

Review and Appraisal of Developments in the Field of Intra-African Trade and Finance (agenda item 4)

48. Under this item, a representative of the two organizing secretariats made a general presentation of document ST/ECA/WP.1/11 on "African Trade and Finance - Recent developments and Prospects". In reviewing recent trends and prospects in the field of trade and finance the meeting expressed the view that attention should have been given not only to external public debts but also to internal domestic debts.

49. In so far as capital flows and external public debt are concerned, the Committee observed that the analysis made and the data given with respect to financial contributions from DAC countries and multilateral organizations, including Table 5, might give the impression that these contributions had increased in real terms, whereas the reverse has been the experience with the DAC countries. It was accordingly recommended by the Committee that other sources of data on the subject be sought so as to correct the possibly misleading impression this analysis as well as Table 5 tended to give.

(a) Trade and Economic Co-operation

(i) Eastern and Southern Africa ECA/MULPOC

- Establishment of a Preferential Trade Area (PTA) for Eastern and Southern African States

50. The Committee welcomed the establishment of a Preferential Trade Area for Eastern and Southern African States and warmly congratulated the nine member States of the subregion, namely the Comoros, Djibouti, Ethiopia, Kenya, Malawi, Mauritius, Somalia, Uganda and Zambia, which had signed the PTA Treaty at the Summit meeting held at Lusaka on 31 December 1981. The Committee also commended His Excellency Kenneth Kaunda, President of the Republic of Zambia, for the successful holding of the Summit. Note was also taken of the fact that Lusaka had been selected as the headquarters of the PTA Secretariat.

Recommendations

1. The Committee urged member States which have not yet signed the Treaty to do so as soon as possible;
2. The Committee also urged those countries which have already signed the Treaty to ratify it as soon as possible;
3. The Committee called upon ECA to provide all necessary assistance to the PTA, in line with the functions of interim secretariat which have been entrusted to it by the Lusaka Summit.

- Establishment of an Agricultural Commodity Exchange

51. The Committee took note of the progress report on the establishment of an agricultural commodity exchange for Eastern and Southern African States.

(ii) Great Lakes Community ECA/MULPOC

52. The Committee noted the report on the recent developments in the field of trade and financial co-operation between the countries of the Great Lakes Community/ECA Gisenyi MULPOC, including inter alia those relating to the negotiations on the simplification of customs documents and trade procedures.

(iii) Central Africa ECA/MULPOC

53. While taking note of the report on the recent developments in the field of trade and economic co-operation among the countries belonging to this MULPOC, the Committee regretted the absence of any mention of the "Libreville Declaration of 19 December 1981" by which the Heads of State and Government of Angola, Burundi, Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea, Gabon, Rwanda, Sao Tome-and-Principe and Zaire agreed to set in motion the process for establishing an Economic Community for Central Africa. The Committee warmly commended these countries for the important step they have thus taken.

(iv) West Africa ECA/MULPOC

54. The Committee took note of the report on the recent developments in the field of trade and economic co-operation between the countries of this subregion. It expressed concern, however, over frequent changes of Directors of the West Africa MULPOC that had taken place in the last few years. While the attention of the meeting was drawn to the fact that the rapid turnover of Directors of the Niamey MULPOC was due inter-alia to the frequent recall thereof by their respective governments, the meeting called on

the ECA secretariat to make all necessary efforts to ensure that the Directors remained in their posts for longer periods than has been the case so far.

(v) North Africa ECA/MULPOC

55. The meeting took note of recent activities in the field of trade and economic co-operation in this subregion and appealed to the ECA secretariat to intensify its assistance to the activities to the North Africa MULPOC especially as the prospects for such co-operation seem to have improved since the last meeting of the North African MULPOC held in Tangier (Morocco) from 30 November to 3 December 1981.

56. The Deputy Executive Secretary of ECA assured the meeting that ECA was already making advance preparations for the implementation of the programme by the Tangier meeting, once it was approved by the next meeting of Plenipotentiaries scheduled to be held in March 1982.

(b) Trade promotion

(a) Symposium of Presidents and Secretaries-General of African Chambers of Commerce

57. The Follow-up Committee was informed of the holding of the above mentioned Symposium in Addis Ababa (Ethiopia) from 16 to 20 June 1981 under the aegis of ECA and AATPO. Both organizations were commended for taking this initiative. Note was taken of the Report of the Symposium and of the various decisions and recommendations contained therein, including those relating to the work programme for intra-African trade promotion which the Chambers want to pursue and the convening in May 1982, in Salisbury (Zimbabwe) of a meeting of Presidents and Secretaries-General of African Chambers of Commerce to consider the establishment of an African Federation of Chambers of Commerce.

58. The attention of the Committee was drawn, in particular, to the concern of the Chambers over the lack of, or insufficient, communication between the Chambers and the governments of their respective countries, in the initiation and implementation of trade and economic co-operation schemes with other African countries.

Recommendations

The Follow-up Committee recommended that :

1. African countries should establish national Chambers of Commerce where they do not already exist;
2. Closer consultation should take place between Chambers of Commerce and Governments of their respective countries to facilitate the implementation of trade and economic co-operation schemes with other African countries;
3. All African Chambers of Commerce should participate in the forthcoming Zimbabwe meeting;
4. In the distribution of credit a substantial share should be earmarked for the financing experts;
5. Member States should encourage exports through appropriate measures including reduction of export levies and other taxes;
6. Member States should strive to harmonize their standards with a view to facilitating intra-African trade.

59. Under this agenda item, the meeting was also briefed extensively by the Secretary-General of AATPO, Ato Demeke Zewolde on AATPO's objectives and activities since it came into existence as well as on its plans for the future. Reference was made in particular to various activities in the field of trade information, trade promotion and market research geared to the development of intra-African trade -- as well as to the problems faced by the Association, including those stemming from the fact that only 26 countries had joined the Association so far and, of these, many had failed to pay their contribution on a regular basis.

Recommendations

The Follow-up Committee recommended that:

1. All African countries should join AATPO;
2. All the member countries of AATPO should endeavour to pay their contributions on a regular basis to enable the Association to fulfil the objectives for which it was created;
3. ECA and AATPO should continue to harmonize their work programmes in the field of trade promotion and trade information;
4. ECA and OAU should continue to assist AATPO as well as give active support to AATPO's request for technical assistance from international organizations;
5. Reports be submitted periodically to the Follow-up Committee on AATPO's activities in the field of trade promotion.

(ii) Workshop to bring together buyers and sellers of meat and meat products

60. The Follow-up Committee expressed satisfaction at the initiative taken by the ECA Secretariat to bring together the buyers and sellers of meat and meat products. This had afforded them an opportunity not only to get acquainted with each other and exchange ideas, but also to initiate business deals. The Committee took note with appreciation of the offer by the Algerian delegation at the workshop to host later this year another meeting of this kind, subject to Government confirmation.

Recommendations

The Committee recommended that:

1. Meetings of this kind on other major commodities of interest to African countries be organized in the future;
2. To facilitate intra-African trade in meat and meat products as well as in any other key commodities of interest to African countries, the representatives of transport organizations including African airlines and, as the case may be, maritime transport organizations, be invited to attend future meetings of the this kind.

(iii) Prospects in the field of trade information

61. The Follow-up Committee took note of the efforts being made by the ECA Secretariat towards the establishment of a regional trade information network based on:

1. full use of the PACIS facilities;
2. the creation and/or strengthening of subregional trade information institutions;
3. close liaison with national and subregional trade information and trade promotion centres;
4. a rapid gathering and retrieval system.

(c) Financial and monetary co-operation

62. The Committee took note of the information provided under this item by the two Secretariats regarding the establishment of clearing and payments arrangements and the stages reached in the establishment of a subregional Development Bank for Eastern and Southern African States, as well as in the setting up of the Central African Clearing House. The Committee also noted the report on the activities of the West African Clearing House as well as on co-operation between ECA, ADB and the African Centre for Monetary Studies.

Any other business (agenda item 6)

63. The attention of the meeting was drawn to the forthcoming sixth session of UNCTAD due to be held in Libreville (Gabon) in May-June 1983. The meeting was also informed that a preparatory meeting of the Group of 77 would be held in Argentina sometime in 1983. It was agreed that there was need for African countries to make thorough preparations for these meetings. Every effort should be made to ensure in particular that African delegations speak with one voice at these meetings.

Recommendations

The Committee recommended that:

1. An extraordinary meeting of African Ministers of Trade, preceded by an intergovernmental meeting of experts, should be held before the sixth session of UNCTAD, at a date and venue to be determined by the ECA and OAU secretariats, in consultation with the Chairman of the Conference of African Ministers of Trade.
2. ECA and OAU should be requested to assist African countries both in their preparations for and during the Group of 77 meeting and the sixth session of UNCTAD as they have done in the past.

Elaboration of the draft agenda of the third meeting of the Ministerial Follow-up Committee (agenda item 7)

64. The secretariats of ECA and OAU will prepare a draft agenda in consultation with the Chairman of the Conference of African Ministers of Trade.

Date and venue for the third meeting (agenda item 8)

65. The dates for the third Ministerial Follow-up Committee meeting will be determined by the secretariats of the ECA and OAU after consultation with the Chairman of the Conference of African Ministers of Trade.

66. Member States interested in hosting both meetings were invited to communicate their offer to the secretariats as soon as possible. In the absence of offers received, in due time by the secretariats, these meetings shall be held in Addis Ababa.

Adoption of the report and closure of the meeting (agenda item 9)

67. After considering the draft report, the meeting adopted the present report.

68. The leader of the Algerian delegation, on behalf of all the delegations expressed his appreciation to the host country and Government, as well as to the Chairman and the secretariats for their efforts in making this meeting a successful one.

69. Finally the Chairman thanked the participants for their active and valuable contribution to the work of the meeting, and brought the meeting to a close.

ANNEX

RESOLUTION ON THE SIGNATURE AND RATIFICATION OF THE AGREEMENT
ESTABLISHING THE COMMON FUND FOR COMMODITIES

The Second Session of the Follow-up Committee on International Trade and Finance for African Development, held in Addis Ababa from 25 to 28 January 1982:

Recalling resolution CM/Res.899(XXXVII) endorsed by the 18th Summit of OAU Heads of State and Government in Nairobi which, inter alia, strongly urged member States to take action without delay in order to bring the Agreement establishing the Common Fund for Commodities into force within a time frame compatible with the urgency of development needs of developing countries;

Recalling also resolution 36/43 adopted by the 36th Session of the United Nations General Assembly towards the same end;

Mindful of the functions of the Common Fund and the fact that in spite of its shortcomings it constitutes a step forward in the establishment of the New International Economic Order aiming inter alia at the restructuring of the international trade in commodities, particularly in favour of the developing countries in order to enable them through increase in real earnings from commodity exports to carry out more effectively their development programmes;

Noting the sad fact that of all the developing regions of the world, Africa as a continent is the least developed and the most dependent on the commodity economy and international trade thereof;

Conscious of the great and urgent development needs of the African continent and of the determination and commitment of our governments to transform in our lifetime the colonial structure of our respective national economy by all positive efforts, both at national, regional and international levels, in line with the Lagos Plan of Action;

Bearing in mind the objectives of the Common Fund and the requisite conditions for its entry into force within the time frame envisaged, namely ratifications by 31 March 1982 by 90 States accounting for at least two-thirds of the directly contributed capital of the Fund;

Noting with utmost concern that so far only 20 States have ratified the Agreement of which four are African States and at that speed it would take four to 5 years to fulfil the requisite conditions to bring the Fund into force;

1. Expresses its deep regret at the slow pace of action by developing countries to bring the Fund into operation;
2. Stresses that developing countries can hardly expect developed countries to fulfil the requisite conditions for the Fund's entry into force while they themselves have not done so;
3. Strongly urges all African countries which have not yet done so, in particular member States of the Ministerial Follow-up Committee, to sign and ratify the Agreement without any further delay, in accordance with the OAU resolution CM/Res.899(XXXVII);
4. Requests the Secretary-General of the OAU, the Executive Secretary of ECA, in co-operation with the Secretary-General of UNCTAD, to take the necessary follow-up measures to accelerate the process of early entry into force of the Agreement and to report on progress towards this end to the next session of Ministers of Trade.